

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

-X

Chapter 11

In re:

DELPHI CORPORATION, et al.

Case No. 05-44481 (RDD)

Debtors.

Jointly Administered

-X

DECLARATION OF MICHAEL PALMER
IN OPPOSITION TO DELPHI'S MOTION FOR AUTHORITY TO REJECT
COLLECTIVE BARGAINING AGREEMENTS UNDER 11 U.S.C. § 1113(c) AND
MODIFY RETIREE WELFARE BENEFITS UNDER 11 U.S.C. § 1114(g)

I, Michael Palmer, declare and state as follows:

1. My name is Michael Palmer. I am the Shop Chairperson for Local 801, IUE-CWA ("Local 801" or "the Union"), in Moraine, Ohio, a position I have held for 5 years. I

have also held the following Union positions: Executive Board Member, Shop Committee Person, Alternate Committee Person, Delegate to Miami Valley AFL-CIO Council, Delegate to IUE-CWA Convention. I have been employed by Delphi for 11 years as production worker.

2. The Delphi plant in Moraine, Ohio ("Delphi Moraine") makes automotive air conditioning compressors. There are now approximately 1170 bargaining unit workers. In 2000 there were 3,600 in the Delphi Moraine bargaining unit. There are now 22 employees in the Jobs Bank, 140 skilled trades, 120 indirect labor, 35 doing non-traditional bargaining unit work, and 800 in production. 100 employees are laid off with recall rights. The plant used to be 2.2 million square feet; in 2000 it moved in to a building of 300,000 square feet.

3. In 1985, Local 801 entered into an agreement with General Motors ("GM") that called for the hiring of new employees under the Security and Competitive Opportunity Plan for Employees ("SCOPE Agreement"), which had no expiration date.¹ The new employees would receive a rate of pay equal to 55% of the current pay scale structure (approximately \$7.11 in 1985 and \$9.11 in 1995). Under the terms of this agreement it took 10 years for these employees to attain "parity" with our full wages and

¹The 2004 Local 801 Agreement with Delphi, attached as Exhibit A, contains all previous agreements to which I refer in this Declaration.

benefits. Along with the obvious wage concessions, the union further agreed to reduce the level of benefits for these employees, as follows:

- * No dental insurance for the first 36 months of employment.
- * 96 months before full dental benefits would be paid out.
- * No vision for 60 months.
- * Reduced benefits for prescription drugs for the first 72 months of employment.
- * No Jury Duty pay for the first 84 months of employment.
- * \$125 individual, \$250 family deductibles for medical benefits

Also, the Union agreed to a reduction factor as it pertained to vacation entitlement. Under this plan employees would receive a 10% increase each year in the reduction factor. The agreement called for a significant reduction in holiday pay as well. In the first year of employment the employees were entitled to only 47% of their pay on a holiday. In 1985, there was also a buyout of \$12,500 for those with a 30 and out pension and \$6,250 for a mutual pension. Then the Company hired around 300 under the new plan. There were no other hires until 1995, except skilled trades. In 1995, the Company hired 550 new employees.

4. In 1996, Local 801 entered into an agreement with management that would greatly increase our competitive position. Many employees had been hired in 1968 and 1969 and would be reaching retirement. As a *quid pro quo* for these concessions, the Company promised to bring in new work and new technology: the V7 compressor, as well as a scroll compressor, and a variable compressor. Subsequent to the ratification of this agreement, the Company reneged on their promise and the V7

compressor was sourced to Hungary and Korea. Furthermore, the Company failed to develop the scroll compressor.

5. Under the terms of this unprecedented agreement it would now take 17 years for newly hired employees to reach full wage "parity". Employees were hired at \$9.11 per hour, which was 50% of the top rate and got a 3% wage increase each year. The biggest concession for the union, under the terms of this agreement called for a waiver of the traditional pension benefits plan. Under this agreement General Motors ("GM") would contribute 7% of the hourly base rate into a Personal Savings Plan ("PSP"). Traditional layoff benefits were also waived, and instead the Company made contributions to the Income Security Plan ("ISP") to provide layoff benefits. There was a buyout of \$15,000 for those with a 30 and out pension and \$7,500 for those with a mutual pension. In 2000, the retirement incentives were increased to \$25,000 and \$15,000 and there was a \$25,000 buyout. Only 2-3 people left with these incentives.

6. In February, 2003, an arbitrator decided that the Company had violated a 1996 agreement with the Union to maintain a minimum 1,500 bargaining unit employees at Delphi Moraine when it laid off 500 employees. In August, 2003, the Company was directed by Arbitrator Lon Moeller to restore all laid off employees and to make the recalled employees whole ("Moeller Award"). A copy of the Moeller Award is attached as Exhibit B. The arbitrator stated: "The *quid pro quo* of the 1,500 employee guarantee – at a facility that had at times employed nearly 3,300 employees – was significant wage and benefit concessions that translated into millions of dollars of savings to the Company." Exhibit B at 10.

7. The terms of the 2003 Local Agreement between Local 801 and Delphi called for a continuous seven-day schedule to be implemented. This schedule, according to management's own admission, saved the company \$20 million dollars in the first year of the agreement alone, due to the elimination of weekend overtime provisions in our contract. The plant got a new product, the CVC variable compressor, and also had an after market compressor; employees working in those areas stayed on regular Monday to Friday schedule. There are two crews working 4 10-hour days with 3 days off, and two crews which work 3 11-hour days and have 4 days off. The Union gave this in exchange for agreement that the Company would not challenge the Moeller Award. There was a retirement and buyout incentive of \$75,000, with 18 months medical benefits, and 2 years tuition assistance, up to a maximum of \$4,600 per year.

8. Almost immediately after the spin off GM started pulling business from our facility with total disregard to their commitment to Delphi in the spin off. Management removed mods from our plant and sent them to Brazil to start them up. We have capacity issues that we would not have if they had been left in our facility.

9. Once the employees ordered to be recalled by the Moeller Award were rightfully brought back management placed them in a room to sit for 40 hours a week. During this same time we had mandatory overtime being forced throughout the plant. Management refused to allow the "excess" employees to volunteer to work any of these premium hours. In short, management forced higher seniority, and thus higher wage earning, employees to work weekly overtime while refusing to allow lower seniority, lower paid employees, the opportunity. This is still happening as we speak. Starting

Monday, March 13, 2006, management is instituting a 10-hour mandatory workday in an area and not offering this time to other employees. We have specific language in our Local agreement as to how potential mandatory overtime will be addressed. Management did not discuss this with the bargaining committee until we were "notified" that it was to take effect.

10. Our plant has been using more and more recently retired supervisory help being brought back on a contract basis. We have had one Company Labor Relations representative that has been back on contract for close to 5 years. Six to eight salaried employees do this while collecting their full pension.

11. There are too many salaried employees with a ratio of 5.3 hourly to salaried workers. Department 101 in the past had 2 supervisors for 120 people. Now there are 60 employees in the department and 6 supervisors.

12. The proposals now made by Delphi take away our job protections that we have paid and sacrificed for. We gave up earnings and benefits to keep Delphi competitive and in exchange for job security. Delphi has gotten its part of the bargain and now wants to take away what it promised to the workers.

Dated: April 21, 2006



MICHAEL PALMER